

January 24, 2022

Mr. Koko Tomassian
Program Manager, Compliance Assurance Division
Office of Energy Infrastructure Safety
715 P Street, 20th Floor
Sacramento, CA 95814

Reference: Energy Safety-ID: NOV_PGE_QP_20210507-01
Notice of Violation: Government Code § 15475.2 and the California Code of Regulations, Title 14,
Division 17 § 29302(b)(2)

Dear Mr. Tomassian:

This letter is in response to the December 23, 2021, Office of Energy Infrastructure Safety (Energy Safety) Notice of Violation (NOV). This NOV is Energy Safety's compliance assessment of PG&E's May 7, 2021, self-report letter where we reported missed General Order (GO) 165 and Wildfire Mitigation Plan (WMP) Enhanced Inspections.

Energy Safety based its compliance assessment on the following statute and code sections:

California Government Code Section 15475.2, "Notice of Defect or Violation" states in part:

"The office may issue a notice of defect or violation to direct the regulated entity to correct any defect or noncompliance with the approved wildfire mitigation plan or failure to comply with any laws, regulations, or guidelines within the authority of the office."

California Code of Regulations, Title 14, Section 29302(b)(2), "Investigations, Notices of Defect and Violation, and Referral to the Commission" states in part:

"The Director may designate a compliance officer to consider the findings of any investigation. The compliance officer may issue any of the following:

...
(2) Notice of violation, identifying noncompliance with an approved Wildfire Mitigation Plan or any law, regulation, or guideline within the authority of the Office."

The NOV alleges the following:

PG&E’s 2020 WMP states that, in 2020, it will conduct “detailed overhead inspections on 100% of High Fire Threat District (HFTD) Tier 3, and 33% of HFTD Tier 2 assets.” PG&E did not perform detailed overhead inspections for 3,296 poles in Tier 3 as required. These poles had GO 165 inspection records but did not have WSIP inspection records in 2020¹. Energy Safety finds that this violation has a risk category of Moderate (see table below).

Risk Category	Violation and Defect Correction Timeline
Severe	<ul style="list-style-type: none">• Immediate resolution
Moderate	<ul style="list-style-type: none">• 2 months (in HFTD Tier 3)• 6 months (in HFTD Tier 2)• 6 months (if relevant to worker safety; not in HFTD Tier 3)
Minor	<ul style="list-style-type: none">• 12 months or resolution scheduled in WMP update

The Energy Safety letter directed that we identify all corrective actions and preventive measures taken to remedy and prevent recurrence by January 24, 2022.

Background

In 2019, we developed detailed and objective inspection criteria based on asset wildfire risk analysis that was informed by Failure Modes and Effects Analysis (FMEA). These analyses identified single points of failure on electric components that could lead to a potential fire ignition. We used this inspection criteria to launch accelerated inspections of electric facilities in the HFTDs to identify and repair non-conformances on facilities that posed an ignition or safety risk.

As part of the 2019 Wildfire Safety Inspection Program (WSIP), we inspected approximately 694,000 distribution structures in Tier 3, Tier 2, and Zone 1 HFTD areas. Our 2019 WSIP inspections included many aspects of the GO 165 inspection requirements, and in many ways exceeded regulatory requirements while reducing risk for our customers. For example, we inspected and documented each component on our electric structures for fire ignition risk and verified all conditions through a centralized inspection review team with experience in system maintenance and engineering to evaluate conditions for necessary repairs.

In 2020, we expanded upon the 2019 WSIP inspection criteria. We transitioned the inspection program in 2020 to perform enhanced inspections based on risk, which resulted in including all Tier 3

¹ WSIP occurred in 2019 and was replaced with enhanced inspections in 2020.

poles, 33% of Tier 2 poles, and 20% of non-HFTD poles. This enhanced inspection plan satisfies both the WMP and traditional GO 165 inspection requirements.

Distribution poles in HFTD Tier 2 and Tier 3 that had last received GO 165 inspections in 2015 were due for GO 165 inspection in 2020. Considering that we had just performed WSIP inspections in 2019, this work was scheduled after 2020. While this was appropriate for the Tier 2 work, it did not satisfy our 2020 WMP commitment for Tier 3 inspections for 3,296 poles.

This error was discovered when we evaluated the completeness of 2020 enhanced inspection records for each Tier 3 distribution pole. We were unable to locate enhanced inspection records for 3,296 Tier 3 poles. After discovery, these poles were added to our 2021 inspection plan. These poles have up-to-date GO 165 inspection records, but do not have a 2020 enhanced inspection as required in our WMP.

Response

We agree with Energy Safety's determination in the Notice of Violation that, although we did not violate GO 165 inspection cycle requirements, we failed to conduct detailed overhead inspections on 100% of HFTD Tier 3 assets in 2020 as prescribed via the 2020 WMP. Per our self-report, we did not perform detailed overhead inspections for 3,296 poles in HFTD Tier 3 in 2020. However, by October 2021 we completed 100% of our required annual detailed overhead inspections for distribution poles in HFTD Tier 3. Also, inspection of these assets was completed in 2019 as part of Wildfire Safety Inspection Program (WSIP).

In addition to completing the detailed overhead inspections in 2021, we have developed the following short-term and long-term, corrective actions:

1. On August 23, 2021, we implemented controls and controls testing for adding inspections to the current year work plan when asset records are modified or created during the year.
2. On August 23, 2021, we also implemented controls and controls testing to ensure alignment between internal commitments and the inspection and maintenance work plan.
3. In 2021, we implemented a series of end-to-end asset registry improvement initiatives to ensure assets requiring inspection are added to the asset registry.

Furthermore, to prevent recurrence of misreporting and missing our WMP inspection targets moving forward, we initiated the following preventive measures:

1. Improved WMP reporting practices by identifying key internal stakeholders, defining the success criteria (i.e., unit completion) for WMP targets, articulating evidence required to substantiate completion, and defining Key Performance Indicators (KPIs) to measure progress.

2. Enhanced WMP target closure processes by adding discrete layers of internal review before official closure (or completion) of a target.
3. Instituted a Lean Operating System to create a more effective operating structure that establishes daily operating reviews to improve visibility into all facets of our performance, including safety, quality, and work completion for our wildfire risk reduction programs. The Lean Operating System will facilitate rapid response and problem-solving at both the regional and functional levels and help accelerate our WMP implementation in a standardized and coordinated way across the company.

We also note that the 2020 Independent Evaluator Report confirmed we met all 2020 WMP targets except for the three self-reported issues that are the subject of Energy Safety's December 23, 2021, NOVs, including the missed enhanced inspections in HFTD Tier 3.

Please contact me at (415) 420-0422 if you have any questions regarding this matter.

Sincerely,

Lise Jordan,
Sr. Director, Regulatory Compliance

cc: Melissa Semcer, Office of Energy Infrastructure Safety
Caroline Thomas Jacobs, Office of Energy Infrastructure Safety
MaryBeth Farley, Office of Energy Infrastructure Safety
Quang Pham, Office of Energy Infrastructure Safety
Wade Greenacre, PG&E
Anne Beech, PG&E
Robert Morales, PG&E
Safi Rizvi, PG&E
Electric Data Requests, PG&E